

BUDGET 2021 AND BUSINESS UPDATE

ELES S.p.A.

Todi / 30 NOVEMBER 2020



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Francesca Zaffarami

CEO

- (1997 – 2003) MSc in Electronics Engineering from Università degli Studi di Perugia
- (2008 – 2009) EMBA at LUISS Business School (Rome)
- (2003 – 2004) Application Engineer at ELES S.p.A.
- (2004 – 2006) Member of the team responsible for “Wafer Level Burn In” R&D project, assisted by Catania Research Lab
- (2005 – 2006) Project Manager deputy to digitalization and research project
- (2006 – 2008) Improvement Project Portfolio Manager at ELES S.p.A.
- (2008 – 2014) Controller and COO Assistant at ELES S.p.A.
- (2016 – current) CEO and Vice Chairman at ELES S.p.A.



Luca Bensi

Asia Sales Director

- (2001 – 2007) Master and Bachelor Degree in Mechanical Engineering from Università di Perugia
- (2009 – 2012) Mechanical Engineer – Acoustic Consultant at Eurofins – Modulo Uno S.p.A.
- (2012 – 2014) Sales Area Manager at Angelantoni Test Technologies
- (2014 – 2020) Sales Manager – East Europe & Asia and General Manager of the Chinese Subsidiary of Angelantoni Test Technologies
- (2020 – current) Asia Sales Director at ELES S.p.A.



Roberto Scappito

CFO

- (1992 – 1998) MSc in Economics from Università degli Studi di Perugia
- (1998– 2000) EMBA at Centro Formazione Imprenditoriale (AsFor – Perugia)
- (2012 – 2012) SdA Bocconi School of Management (Milano)
- (2001 – 2008) Group Management Control Manager – Emicom Group (Perugia)
- (2008 – 2016) Administration and Management Control Manager – Aria SpA (Milano)
- (2016 – 2019) Group Management Control Manager – Tiscali SpA (Cagliari)
- (2019 – actual) Chief Financial Officer – ELES SpA – (Todi – PG)



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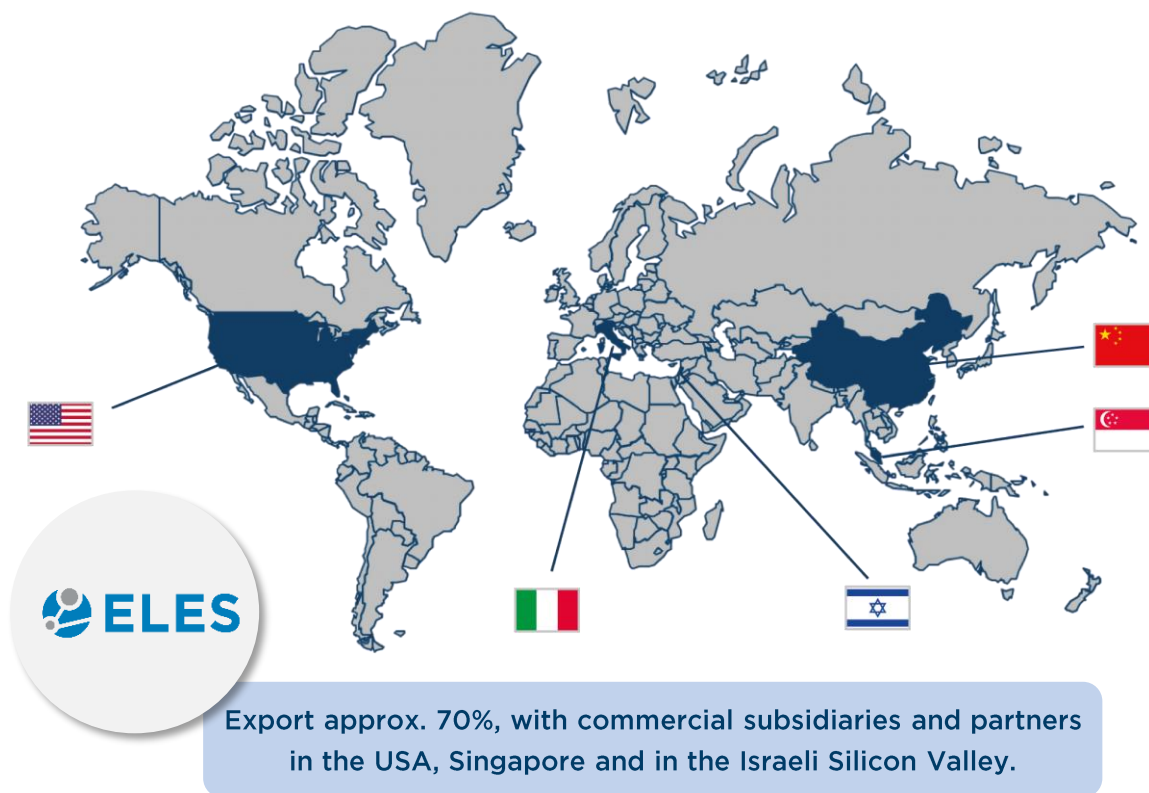
04. BUDGET 2021



COMPANY OVERVIEW

Eles at a glance

Eles is an innovative Italian SME that operates in the Microelectronics Testing systems sector, offering Test System (machines) and Test Application (Boards & Services).



- Higher reliability as a market request and Test evolution needed: Eles supports its clients in improving the reliability of their products in order to achieve Zero Defects, primary goal for Mission Critical and Safety applications (i.e: Airbags).
- One of the sector's leading companies offering a transformed reliability test, via early co-engineering, always reaching to achieve the Zero Defects criteria.
- Eles IPO on June 2019 strengthened the financial position to support the growth plan

KEY FINANCIALS

	CAGR 16-19
Sales Revenues	12,1%
EBITDA	8,7%
EBIT	42,4%
Net Profit	222,5%

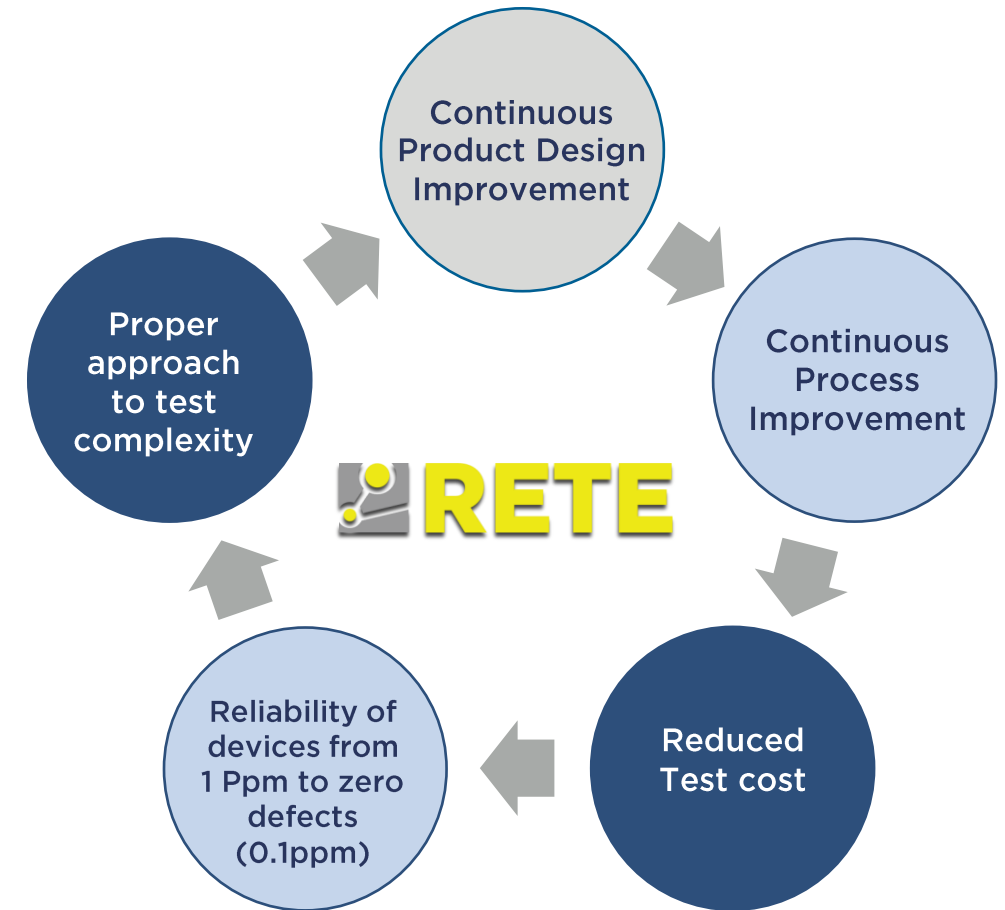
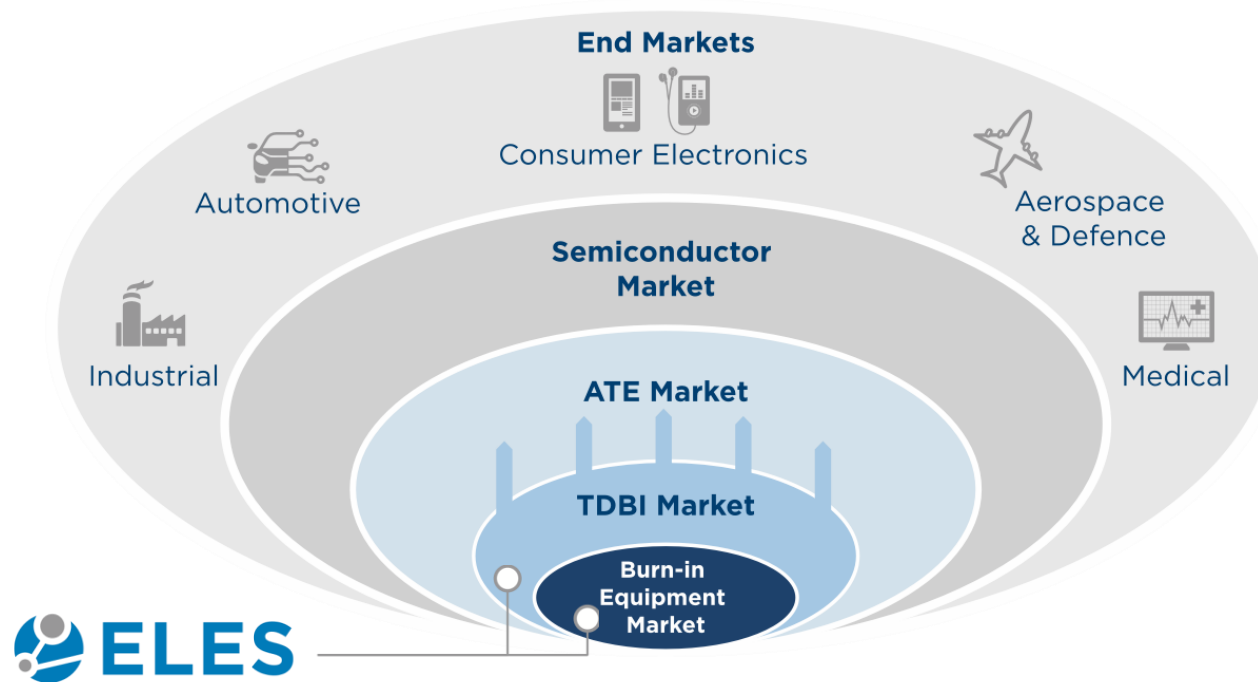


More than € 15 millions invested in R&D in the last 10 years (an average of approx. 10% on the Sales basis).

ELES is a leader offering an Innovative Test Approach for Zero Defects based on R.E.T.E. and TDBI

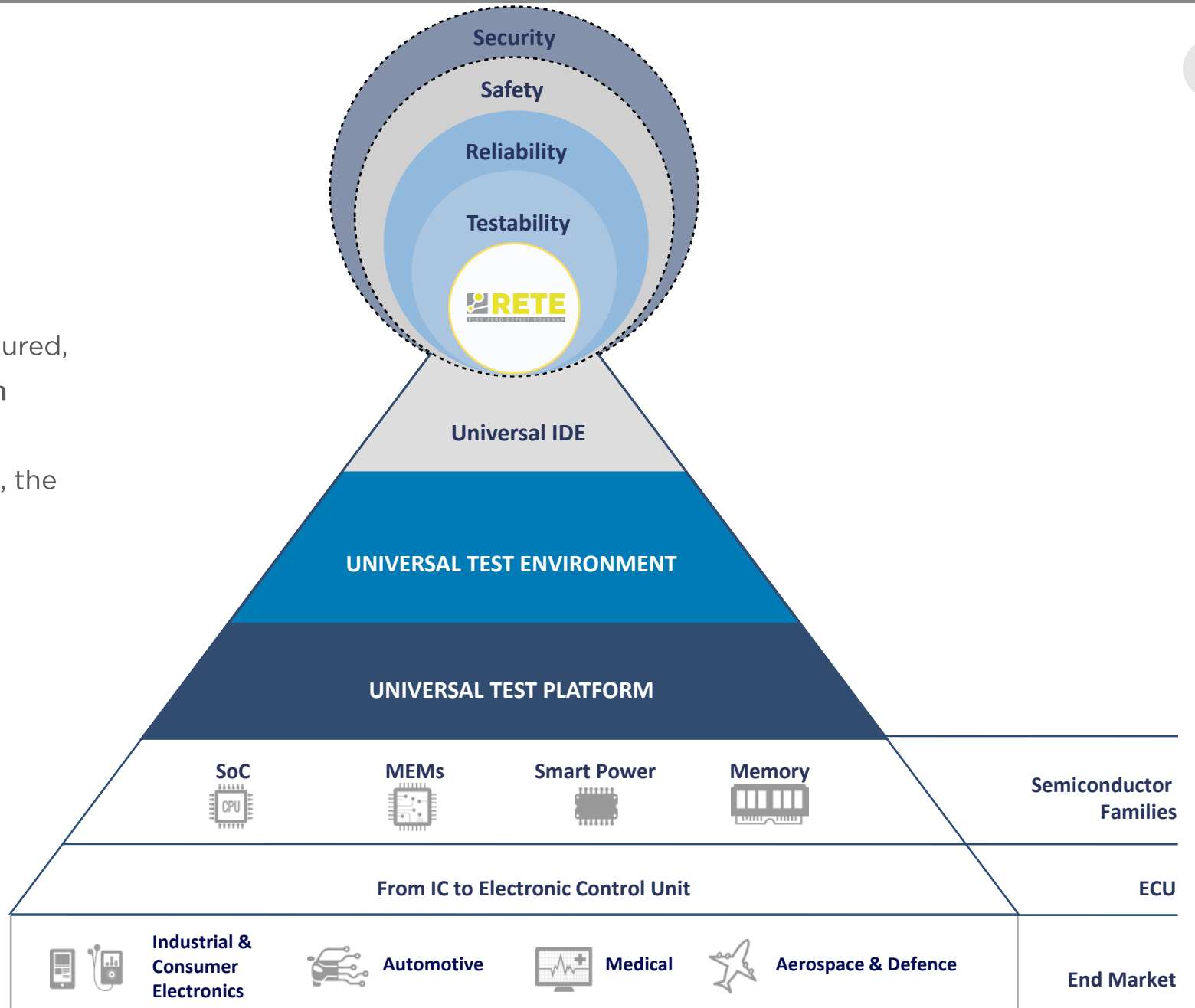
Innovative Test Approach results:

- TDBI substituting ATE Test, reduce test costs and support device complexity
- Thanks to R.E.T.E. Reliability can reach Zero Defects target (0,01 ppm failure rate)
- Time to market reduction



MORE OF THE SAME

RETE allows the productive process to be optimized using an approach that is structured, universal and multifunctional at the **design stage**. It is capable of addressing in a competitive way the test coverage targets, the reliability needs in a way which are also compatible to the functional safety requirements



A hand is shown holding a glowing, spherical digital network. The sphere is composed of numerous white lines connecting small, teal-colored circular nodes. The background is a soft, out-of-focus grey. A large white circle is centered over the sphere, containing the title text.

**WW SEMICONDUCTOR
SCENARIO DRIVEN BY
DIGITAL ENABLERS**

Semiconductors are the brains of modern electronics, enabling technologies critical to countries' economic growth, national security, and global competitiveness.

1

Pervasive

Semiconductors have driven advances in communications, computing, health care, military systems, transportation, clean energy, and countless other applications.

3

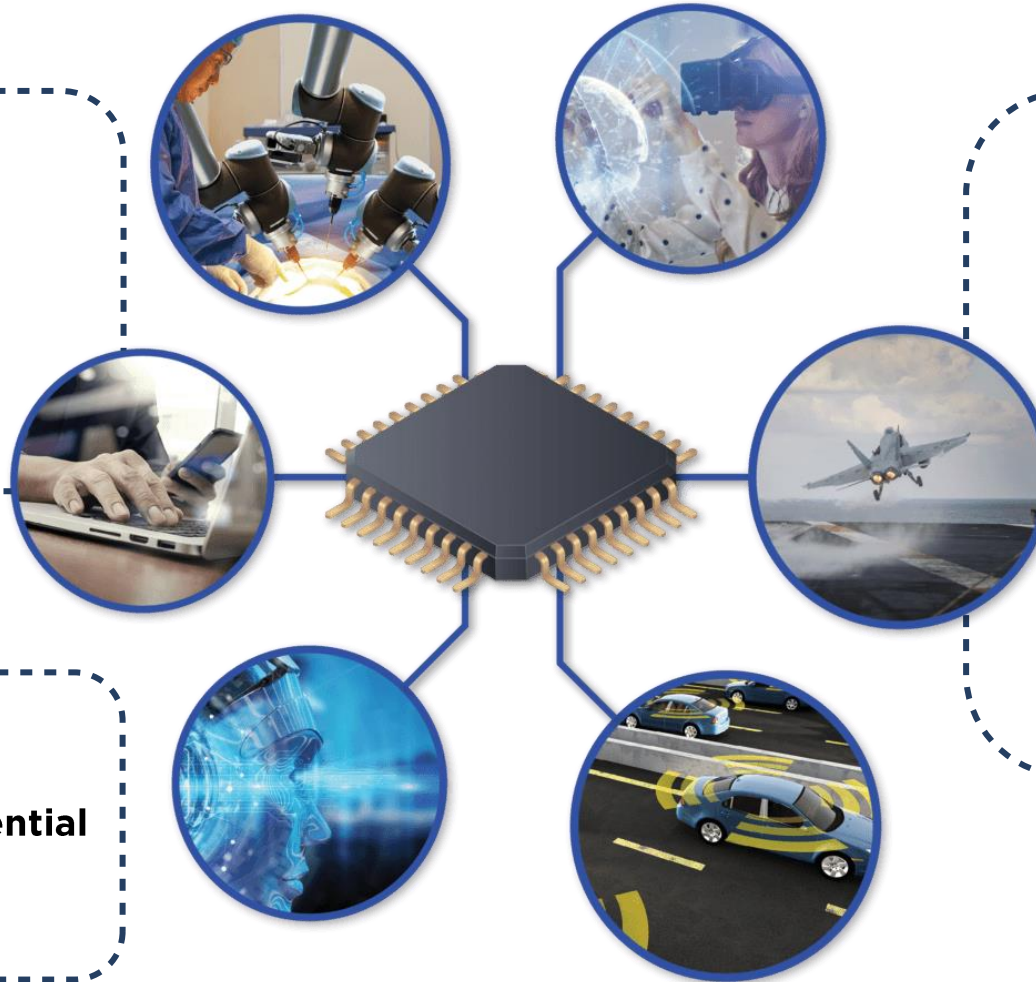
High Potential

Semiconductors' greatest potential lies ahead.

2

Enabling transformation

And they are giving rise to new technologies that hold the promise to transform society for the better, including brain-inspired computing, virtual reality, the Internet of Things, energy-efficient sensing, automated devices, robotics, and artificial intelligence.



Source: SIA Semiconductor Industry Association

AI will be the most powerful driving force in the semiconductor industry for the coming decade

AI and the semiconductor opportunity

Semiconductors are instrumental to the development and acceleration of the AI opportunity and **thus a key factor in boosting innovation** in the field and AI's potential for growth.

AI across every industry vertical

AI creates an unprecedented opportunity for semiconductor vendors due to its applicability **across virtually every industry vertical**, the strong forecast for the sheer number of chips needed both in the cloud and at the edge, and the growing need for specialized computing requirements to accelerate new algorithms.

	Market overview			AI Classification	
Sample use cases	2022 forecast \$B			Training System	Inference System
	1.0	3.5	5.0		
Automotive					
- ADAS - Driver safety systems					
Financial services					
- Authentication - Portfolio management					 
Healthcare					
- Disease prevention - Diagnosis					 
Tech, media and telecom					
- Network security - Personal assistants					 
Retail					
- Customer insights - Pricing analytics					
Industrial					
- Manufacturing automation - Proactive failure detection					
Smart Buildings					
- Monitoring and security - Energy efficiency					

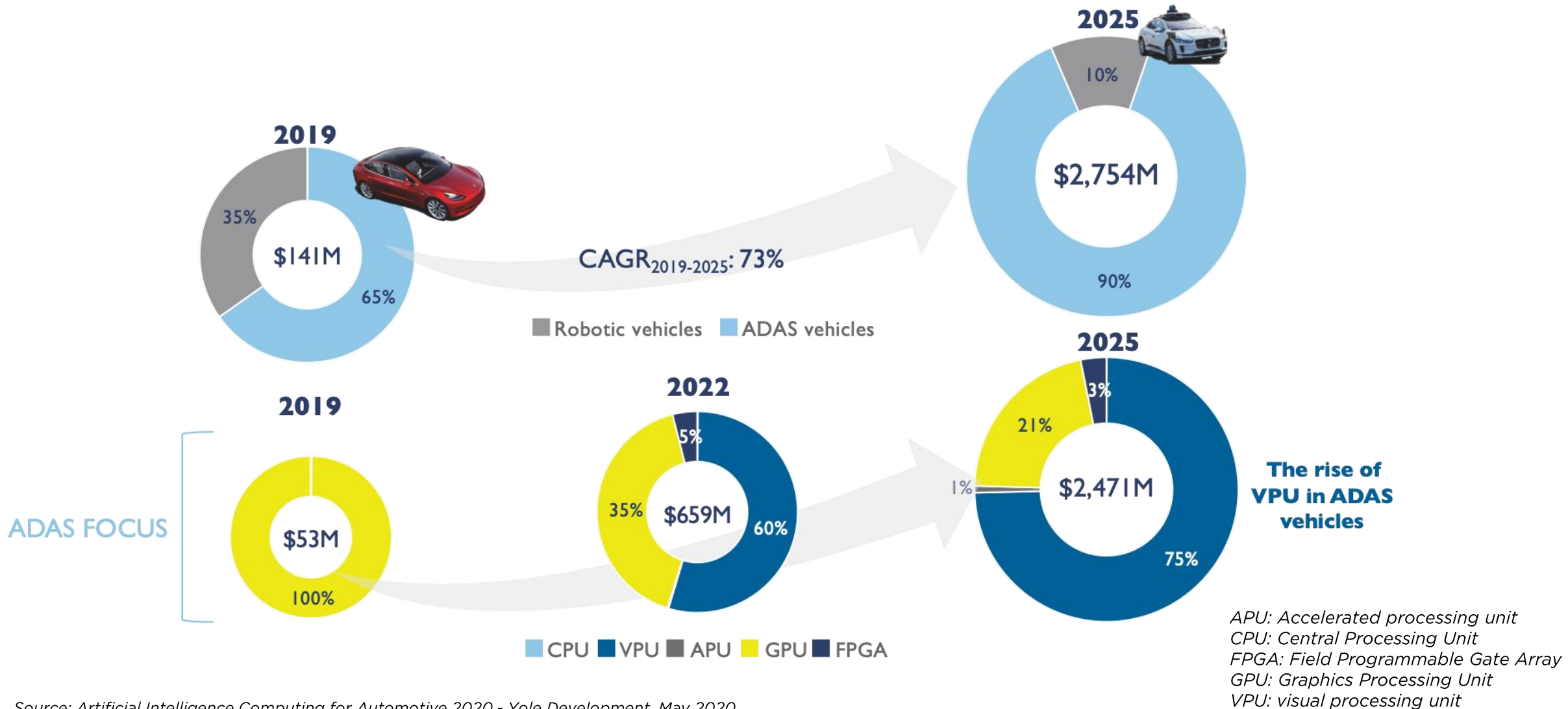
AI and the semiconductor opportunity

The market for AI-related semiconductors is expected to reach US\$30bn by 2022, with a **CAGR of almost 50.0%**.

AI in the automotive industry

The automotive industry spends heavily on electronic components and is advancing quickly in terms of how it uses AI to further innovation. **AI's impact will be most felt in infotainment, Advanced driver-assistance systems (ADAS) and safety by 2022.**

Artificial Intelligence computing for automotive



Source: Artificial Intelligence Computing for Automotive 2020 - Yole Development, May 2020

AI: from level 0 to level 2++ on one side, robotic on the other

- Level 0 to Level 2+/2++ are differentiating mostly by improved functionalities such as Automatic Emergency Braking (AEB) and some new functionalities such as Traffic Jam Assist (TJA) or Lane Keeping Assist (LKA)
- On the robotic side, full autonomy was first realized in closed area at low speed (<15miles/h) to open designated area and at medium speed (<30miles/h)

These improvements are realized thanks to the introduction of AI algorithms and its related hardware

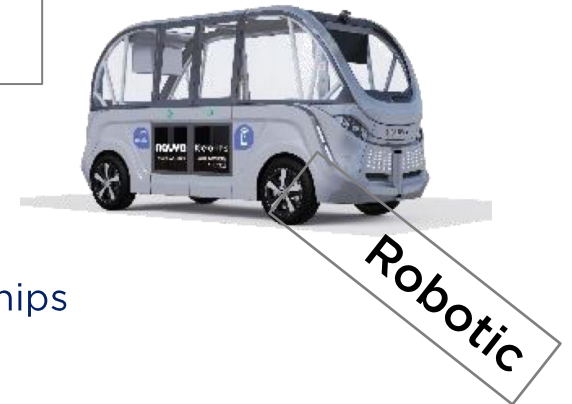
Implementation of AI: following what have been done in consumer applications



Implementation in SoC or as a standalone chip of **accelerators**

X2 x4 x8

Multiplication of the number of computing chips



Source: Artificial Intelligence Computing for Automotive 2020 - Yole Development, May 2020

Automated, Electric, Connected and Shared are the 4 macro trend driving the automotive industry

1

Growth of autonomous driving

Level 4 autonomy to be operating **by 2021**, highly automated vehicle to be operating **by 2029**.

2

Increased connectivity

Sales of **5G enabled vehicles** are expected to reach **16 million** in the EU, US and China **by 2030**

3

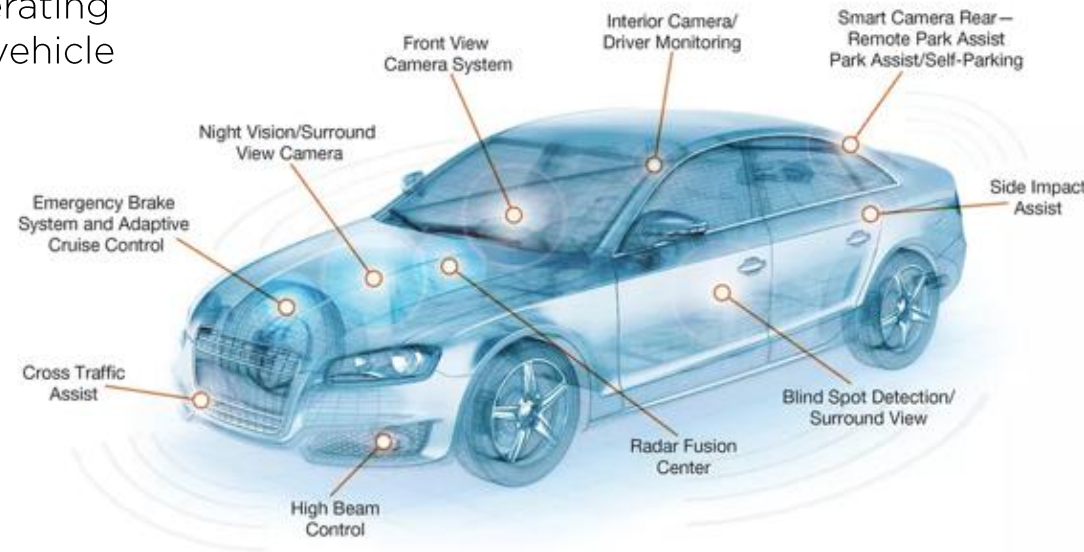
Vehicle electrification

46% of new car registrations in China will be for EVs by 2030. In Europe the figure will be 40% and in the US 35%.

4

Shared mobility services

47% of European consumers would prefer **autonomous robo-taxi services**



Source: PwC Analysis

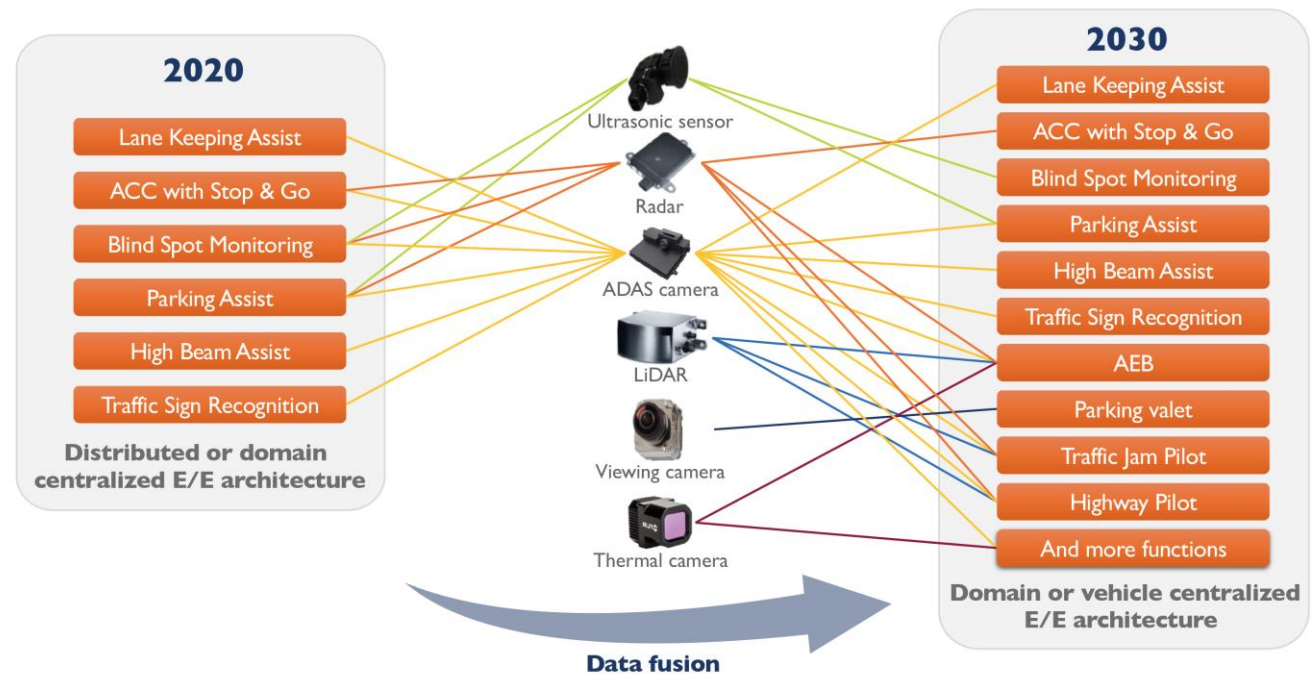
ADAS & Autonomous Vehicle

The global ADAS market size is projected to grow **from USD 27.0 billion in 2020 to USD 83.0 billion by 2030, at a CAGR of 11.9%**. Safety features are an important prerequisite for automotive customers across the world. Governments across the world have mandated the incorporation of features such as lane departure warning (LDW) and automatic emergency braking (AEB). Different types of safety features have, therefore, been developed to assist drivers and lower the number of accidents.

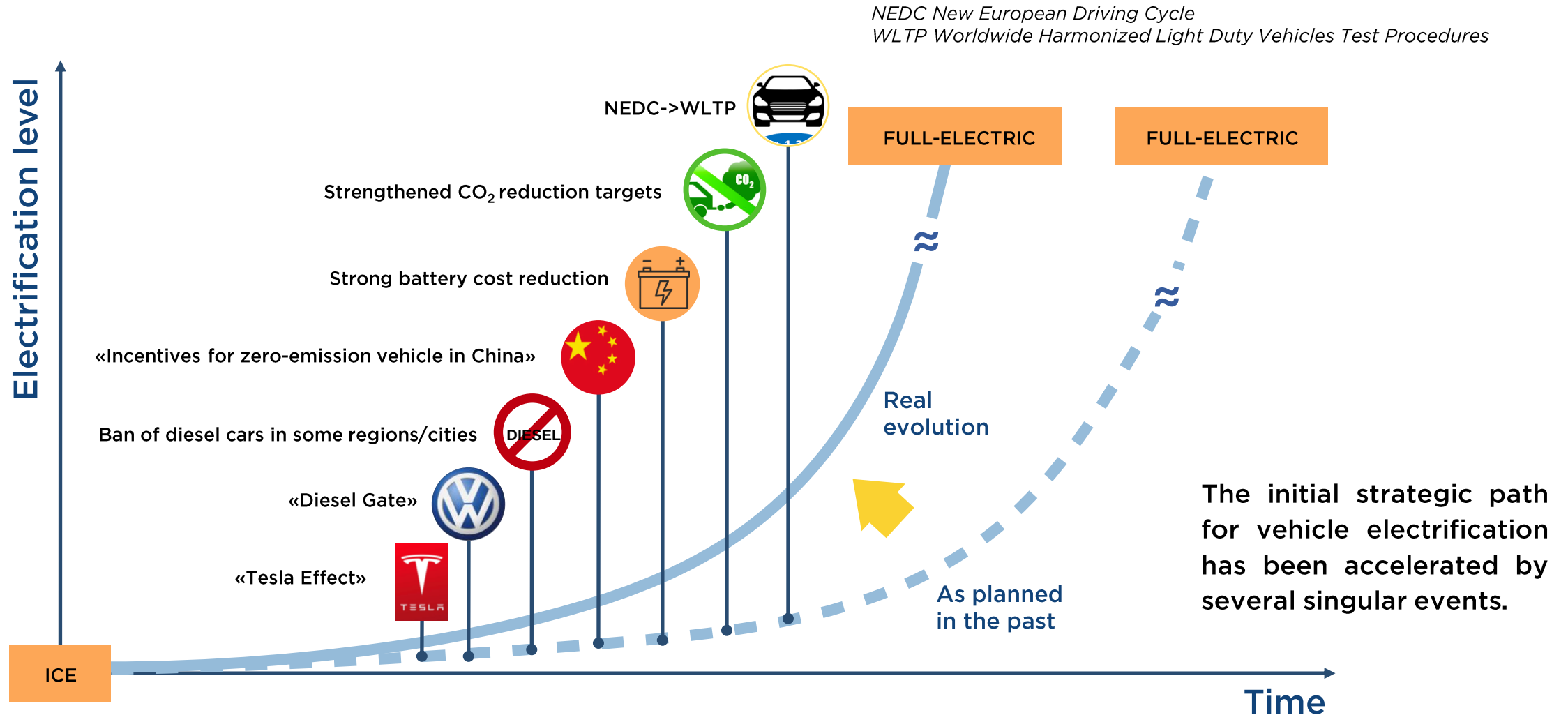
Source::ADAS Market Global forecast to 2030 - Edge AI and Vision Alliance, October 2020

Towards data fusion for automated driving, 2020 vs 2030

(Source: Sensing and Computing for ADAS vehicle 2020 report, Yole Développement, 2020)



Where does the acceleration of vehicle come from?



Source: Power electronics for Electric and Hybrid Vehicles report 2020 - Yole Development, September 2020

Concrete steps are already in place towards the Global Scenario



#1

Great Britain announced the decision to **anticipate from 2040 to 2030** the transition to a national fleet of exclusively electric vehicles.

#2

Tesla announced the launch of a new model (Model 2) by 2023 at a price of **25.000\$** and moreover the **strengthening of the production plan in China** (Gigafactory in Shanghai) which also includes that of Supercharger from 2021.

#3

Unstoppable growth of NIO, Chinese manufacturer of electric vehicles. In October alone, NIO registered a boom in units sold (+100%) compared to the the same period of the previous year. **In 2021 NIO has the goal of expanding in Europe.**

#4

38 new semiconductor factories World Wide in the next 4 years. It will be **China** to **record the fastest growth in production capacity**, passing from a market share of 8% held in 2015 to the expected 20% for 2025

#5

Ferment in the SEMI sector (M&A). **When the world's leading semiconductor brands** take such a significant interest in new technology, its ascendance seems assured.

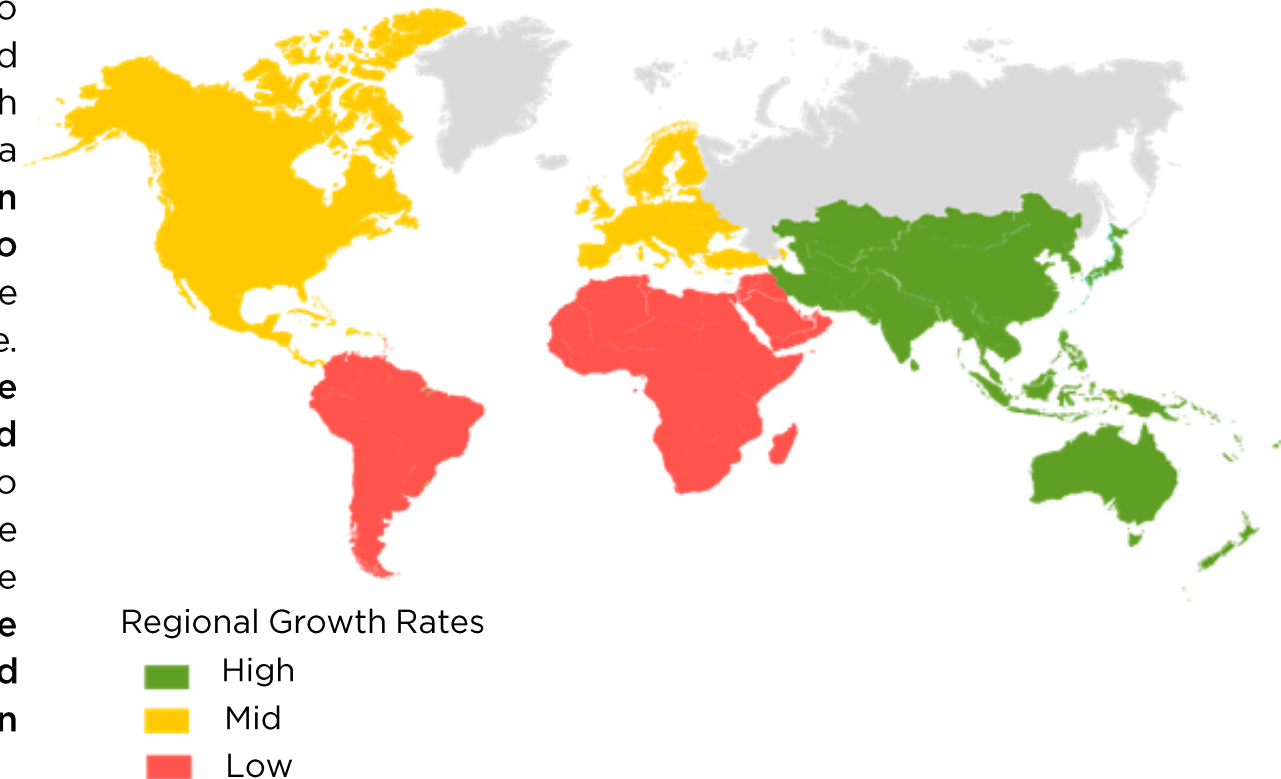
5G Chipset Market Forecast 2020-2025

5G Chipset Market Summary CAGR 87,8%



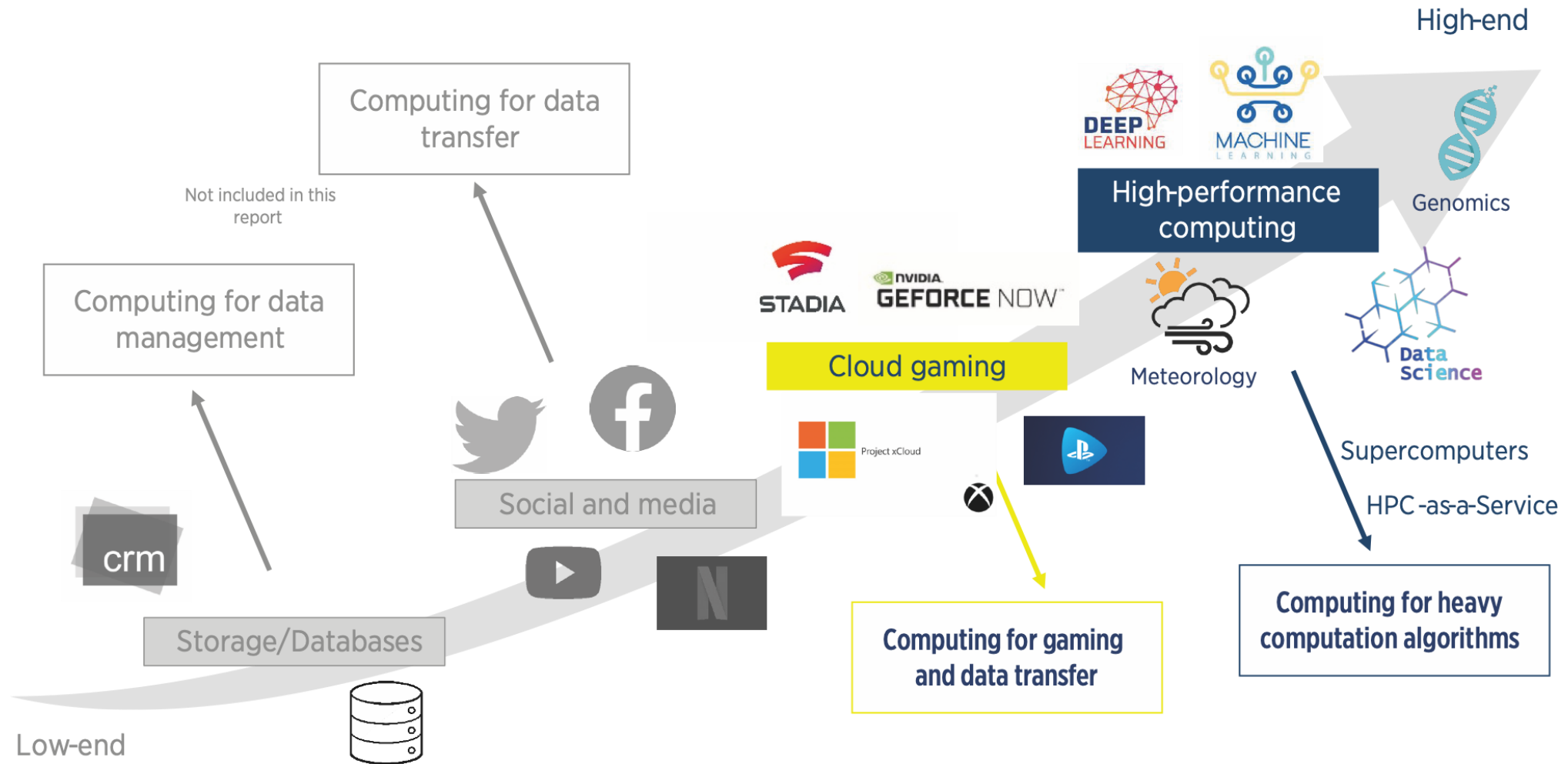
5G wireless communication technology is designed to operate in sub-6 GHz and mmWave frequency ranges with a bandwidth of 100 MHz, data rates in Gbps, with connection reliability of 99.99% to 99.9999%, and latency in the sub-5 millisecond range. Compared to 4G, these performance goals had multiplied several fold in 5G to improve the customer experience and bring in innovative service offerings. Such performance levels cannot be achieved without advancements in semiconductor chipsets.

5G Chipset Market – Growth Rate by Region (2019-2025)



Source: 5G Chipset Market Forecast (2020 - 2025) - Mordor Intelligence.com, November 2020

Datacenter: what runs on the cloud? Main Applications



Source: (x)PU: high-end CPU and GPU for datacenter applications 2020 - Yole Development, February 2020

Datacenter: what runs on the cloud? Main Applications

3 MARKETS

Cloud gaming

Supercomputers

HPC-as-a-service

2 TECHNOLOGIES

CPU

Central
Processing
Unit

GPU

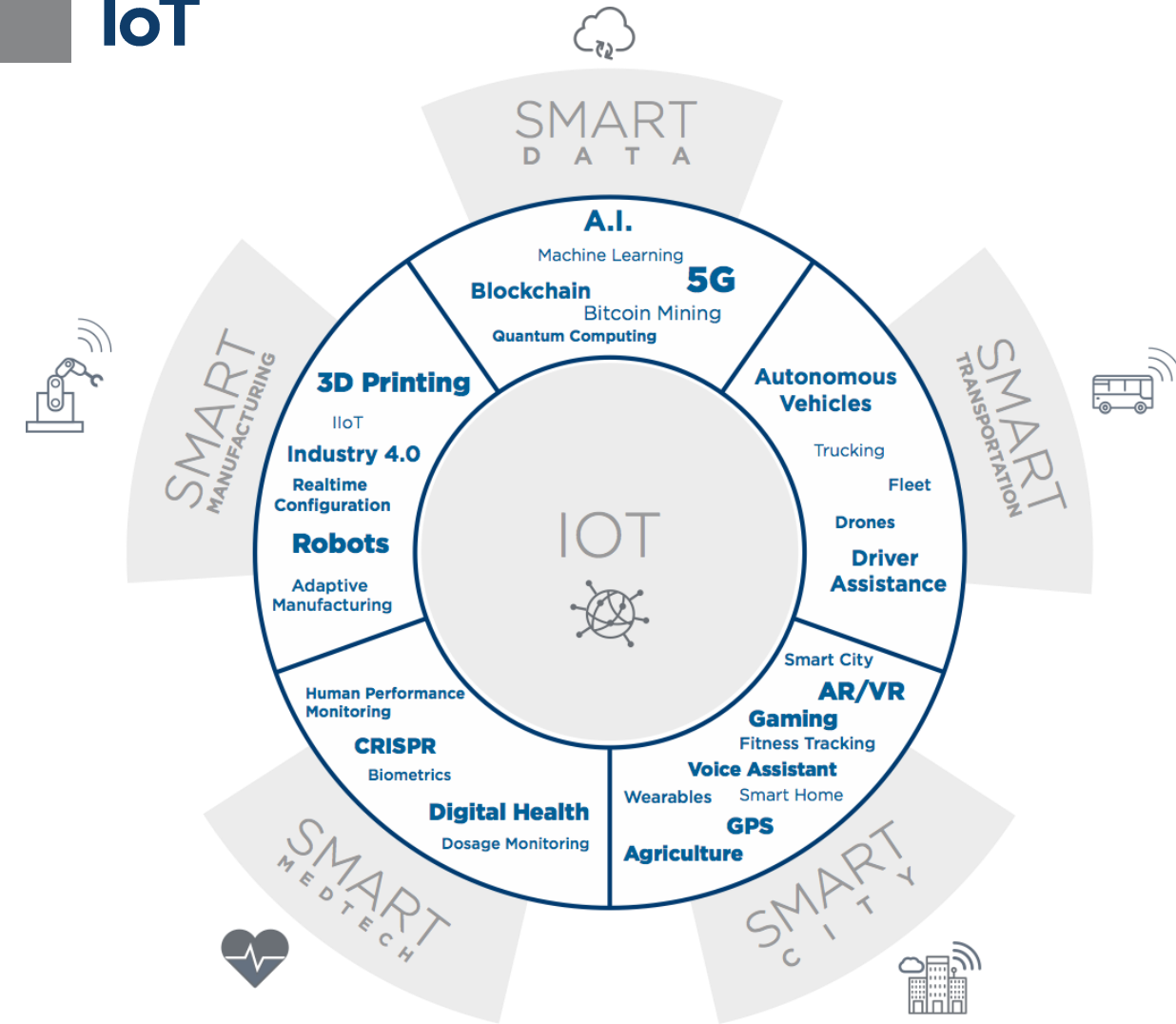
Graphic
Processing
Unit

Among the leading-edge datacenter applications, **cloud gaming** is the fastest growing market segment with a Compound Annual Growth Rate from 2019 to 2025 (CAGR2019-2025) exceeding 70% for both CPUs and GPUs. This will make the cloud gaming CPU/GPU market worth \$14B in 2025.

Thanks to the growing convergence of AI and High Performance Computing (HPC), the HPCaaS market for CPUs and GPUs will continue to grow with a CAGR2019-2025 of 25%. Most of the growth can be ascribed to GPUs, with a CAGR2019-2025 of 40%. GPUs are becoming the workhorse technology for data/computing intensive AI applications performed in the cloud.

Source: (x)PU: high-end CPU and GPU for datacenter applications 2020 - Yole Development, February 2020

IoT



The global IoT solutions and services market size is expected to grow from USD 139.3 billion in 2019 to USD 278.9 billion by 2024, **at a Compound Annual Growth Rate (CAGR) of 14.9%** during the forecast period. The adoption of connected devices is driven by industries such as manufacturing, transportation, energy, and smart cities. Challenges faced by these industries include data analysis, security, and technology integration.

The global industrial IoT market was valued at USD 313. 27 billion in 2019, and it is expected to reach a value of USD 607. 73 billion by 2025, registering a CAGR of 12. 3% over the forecast period 2020 - 2025.

Connected healthcare vertical segment to grow at a higher CAGR during the forecast period

Smart Manufacturing is expected to have a largest market share during the forecast period

APAC to grow at the highest CAGR during the forecast period

Source: IoT Solutions and Services Market - Global Forecast to 2024 -reportlinker, August 2020

**GROWTH
LEVERAGES**

Growth Leverages



New Products' and Markets' Development

#1

Innovation

RETE Test Approach towards Zero Defects
(1ppm - 0,1ppm)

#2

Innovation

Local Temperature Control
System Level Test Approach (0,1ppm - < 10ppB)

#3

Innovation

ECU Reliability and Test Approach
towards Zero Defects (< 10ppB)

New

#4

Innovation

Digital Servitization: Provide Solutions and deliver Results

PROVIDE SOLUTIONS AND DELIVER RESULTS



BENEFITS & RESULTS

- Design and Production of semiconductor devices that are *Mission Critical Compliant*
- Reduction of the *Cost of Test*
- Improvement of the *Time To Market*

MISSION



Your Partner in Semiconductor Reliability

VISION



Stimulating and Supporting the 'KAIZEN' Continuous Improvement Process towards Excellence with **sustainable and competitive approach** applied to the Semiconductors, Automotive, Aerospace & Defence, Health care sectors and all Mission Critical applications, contributing to **Global Sustainability**.



To be recognized by our Customers as a leader in **innovation for Global Reliability Continuous Improvement** and Manufacturing cost reduction, providing solutions and delivering results by **R.E.T.E.** process

New Geographies Entry | Chinese Market Development

Chinese Government investments in Semiconductors market



- Chinese Government declared semiconductors market as strategic for national growth and security, thus it aims to reduce USA imports dependency by incentivising local semiconductors production.
- Five-Years Chinese Plan consider 2025 as target for "IC Made in China" with a leadership Worldwide position expected in 2030.
- Research centers, Fabs, OSATs are developing across the country to sustain increasing semiconductors demand within automotive, aerospace and military markets.

USA BAN



- The restriction imposed by the Government of the United States of America on China (arrived in August to a culmination up to now) and accompanied by threats of further tightening are impacting the entire Chinese semiconductor supply chain. As example, Chinese fabless cannot use USA IPs to design ICs and Chinese OSAT are not yet at the technology level required by the worldwide market.
- Due to this situation, in the short period China is facing a blockage on the entire semiconductor chain but the medium-long term growth prospects remain extremely important.
- China must now completely redefine its supply chain and technology know-how.

Chinese XCET



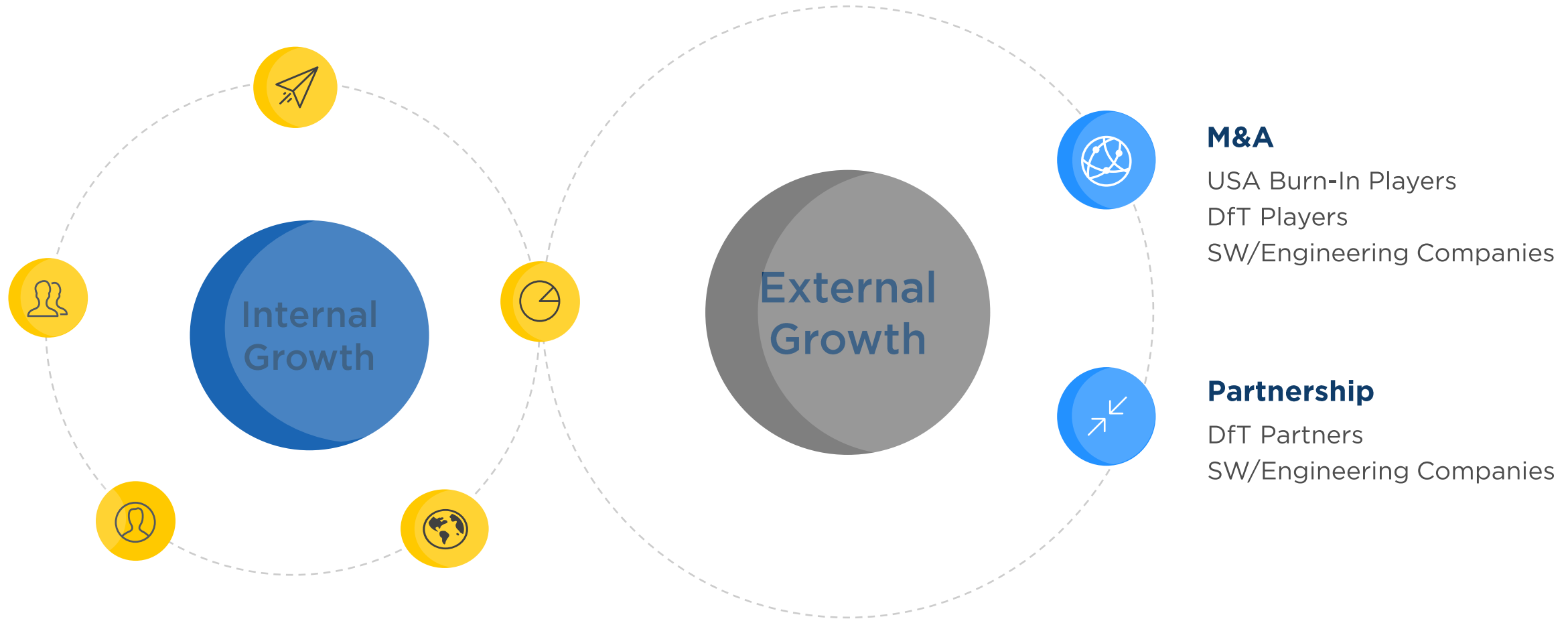
- Chinese partner XCET Electronic, Private Company, with established relationships with Chinese IDM / Fabless / Hi-Tech Laboratories / Institutes / in 18 provinces of China.
- An ELES Demo system is installed in Xi'an HeadQuarter for showroom purpose, training the local engineering team and allowing qualification activities on ELES application.

Eles Opportunity



- Thanks to a strong cooperation between XCET and ELES, even without trips possibilities (due to Covid-19), remote sales meeting, seminars and workshops are on going. The Chinese market is confirming the extreme interest in ELES solutions. Concrete opportunities and strategic results are forecasted.

External growth leverages



Aim... a Technological Leader

Internal Growth



- New Product Development: From solutions to results
- Marketing – Upselling Technology
- Investment in ECU market
- Digitalization: *Digital Enablers* to support *Digital Servitization Strategy*
- Operational Excellence
- Organizational Excellence - Academy

External Growth

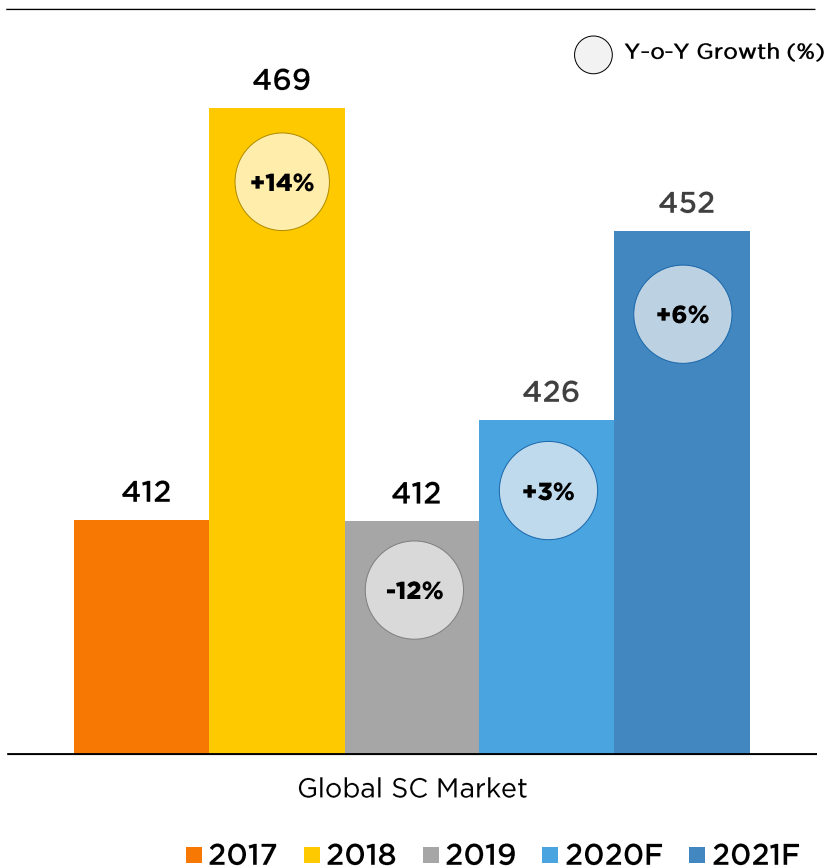


- Strategic Technological leadership expansion:
 - SW/Engineering Companies
 - DfT Players
- Acceleration of new clients acquisition

**ELES BUDGET
2021**

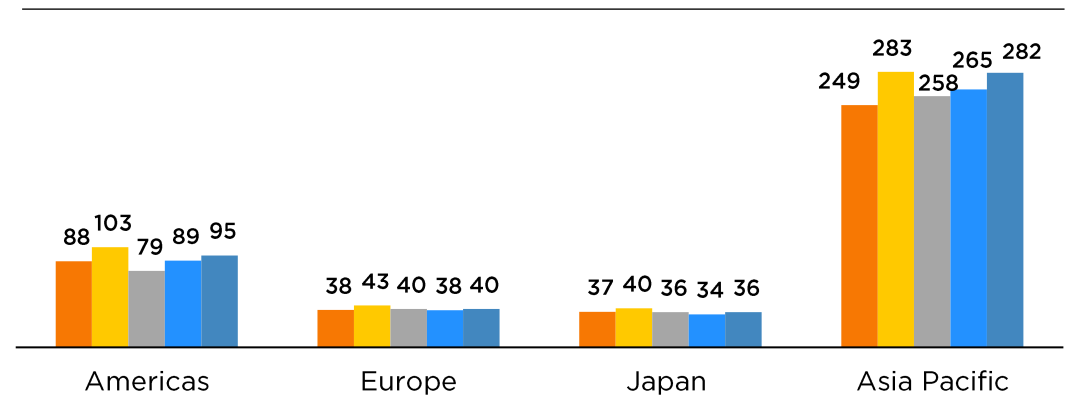
Worldwide Semiconductor Market is forecasted to reach US\$ 452 billion in 2021 (+6%), after an increase of 3% in 2020

Worldwide Semiconductor Market value – Amounts in \$ Bn

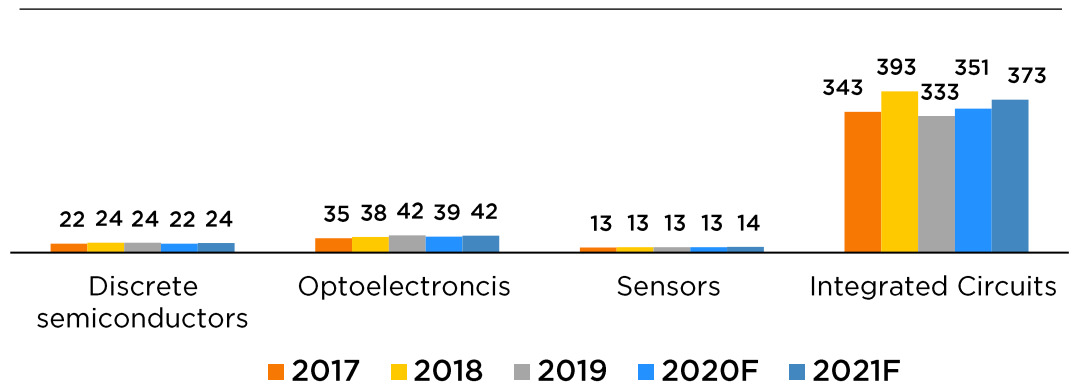


Source: WSTS' Worldwide Semiconductor Market Forecast, Spring 2020

Worldwide SCs Market value by Macro Geographical Area – Amounts in \$ Bn



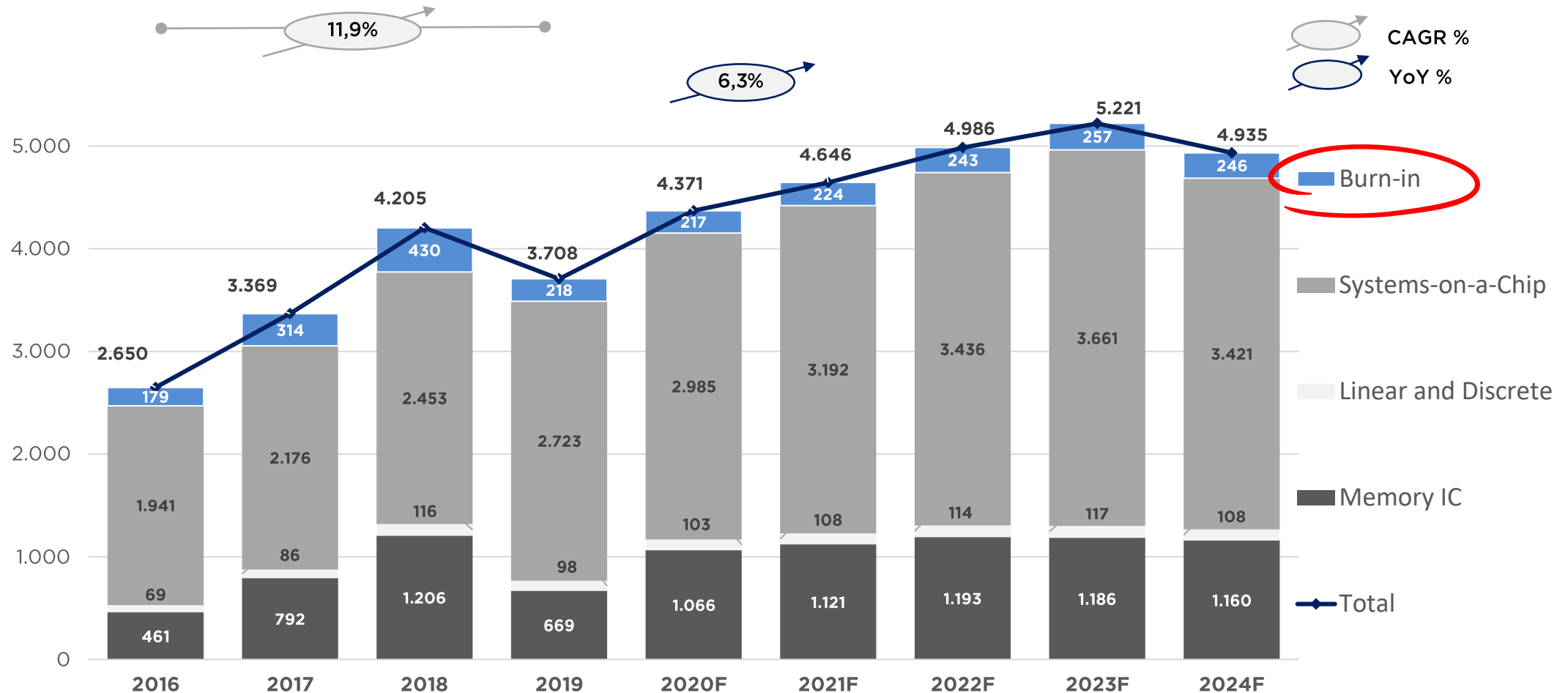
Worldwide SCs Market value by Product Category – Amounts in \$ Bn



The Global ICs ATE market (without ECU) is forecasted to grow of 6% in 2021 (+3% Burn-In Test market)

\$ Mn – Worldwide Sales IC Automated Test Systems History and Forecast

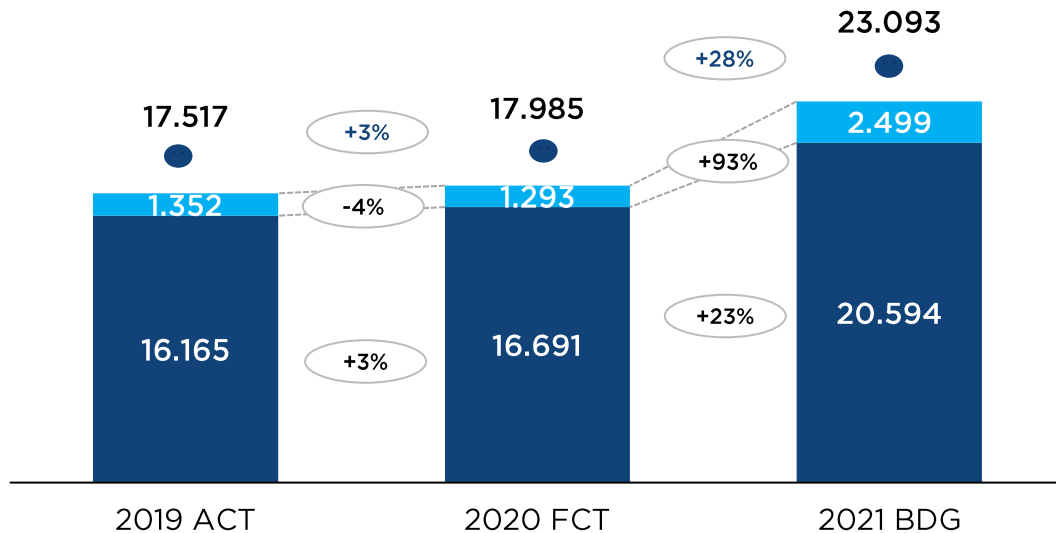
Source: Technavio «Global ATE Market»; VLSI analysis, November 2020



Eles Net Revenues grow of 28% in 2021 thanks to the company's growth leverages

'000 Euro – Net Revenues Trend by Business

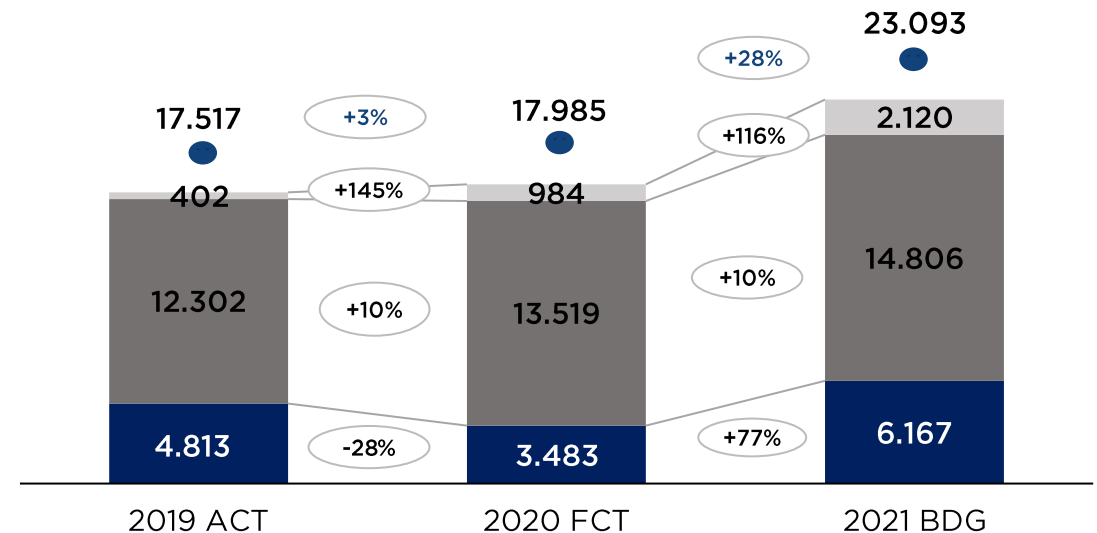
% YoY Growth



	SEMICONDUCTORS	ECU	Net Revenue
YoY 20-21	+23,4%	+93,2%	+28,4%

'000 Euro – Net Revenues Trend by geographical area

% YoY Growth



	ASIA	EMEA	USA	Net Revenue
YoY 20-21	+77,1%	+9,5%	+115,5%	+28,4%

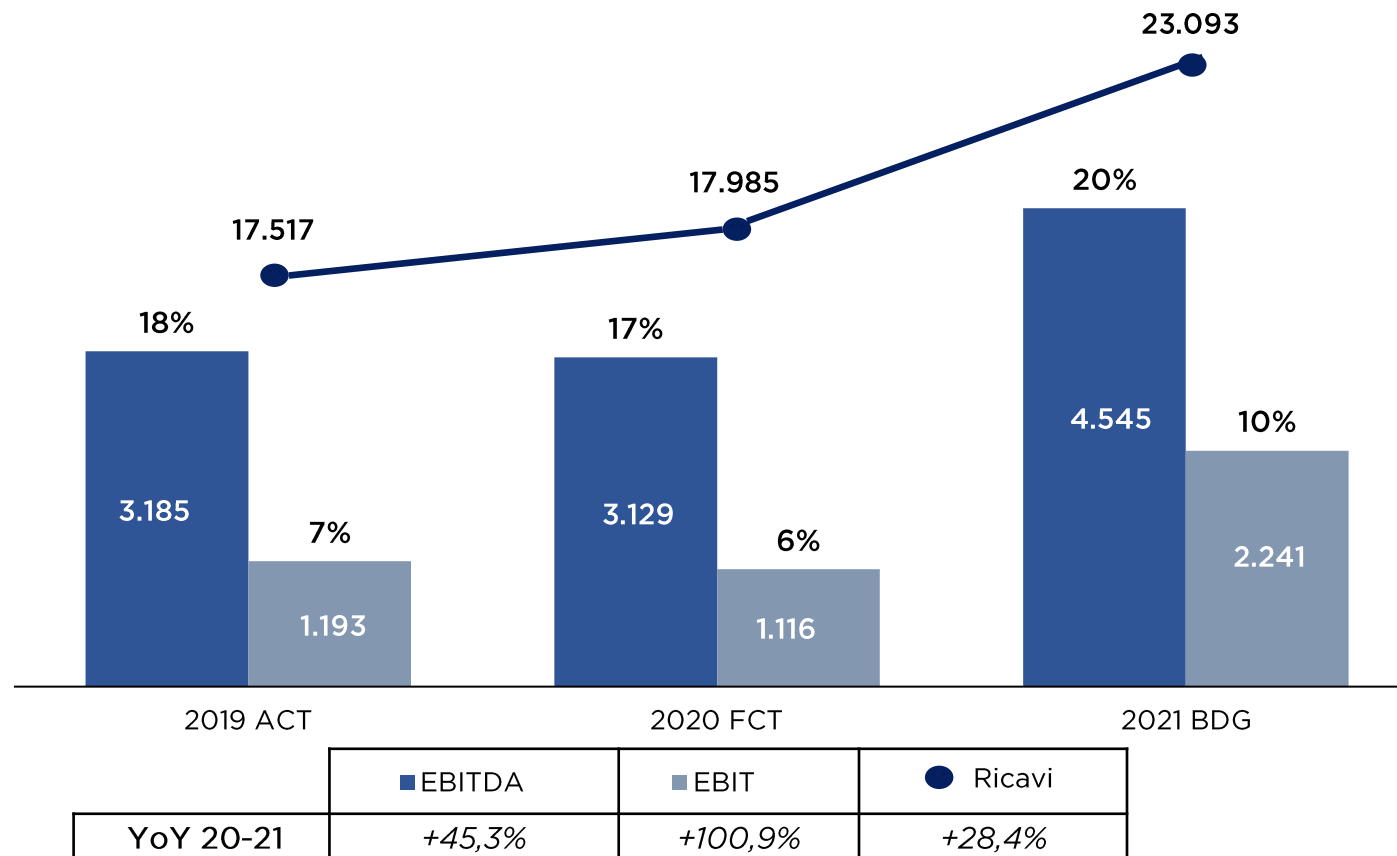
Semiconductors revenue are forecasted to increase in 2021 thanks to:

- New Geographies Entry: Consolidation of the commercial agreement signed with XCET to develop the Chinese Market;
- New clients acquisition in US and Europe;
- New Products Development.

ECU revenue growth is driven by acquired clients and new clients sales within the **Automotive and Aerospace** sectors.

EBITDA grows of 45% in 2021 thanks to revenues growth and contribution margin improvements

%, '000 Euro – Net revenues, EBITDA, EBIT



Eles **consolidated net revenue** grows of 28% in 2021 as a result of new products development, new clients acquisition, and new market consolidation.

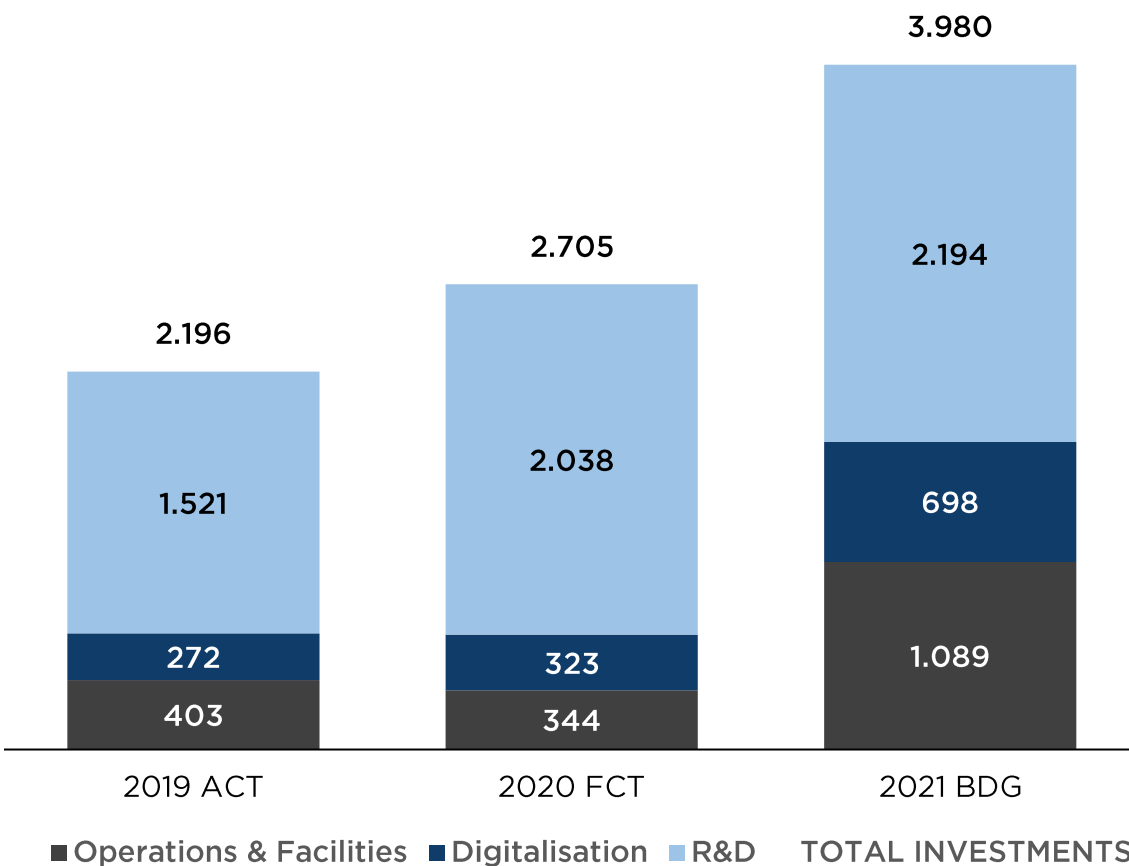
Contribution margin improves thanks to material and direct personnel costs incidence decrease.

Opex increase is **forecasted in order to support Eles growth:**

- **Entry into force of the organisational strengthening** carried out in 2020 and the further growth of the commercial structure.
- **Commercial costs** increase mainly due to strength the commercial and marketing activities.
- **Infrastructure costs** increase mainly due to software licences renewal related to digitalization projects.
- **Consultancy costs** increase mainly due to **training** expenses and **Corporate Social Responsibility (CSR)** as well as **Sustainability Programs**.

The R&D activity remains the largest investment area that represents a key factor to preserve the technological leadership of the Company

000 €- Capex Plan Evolution



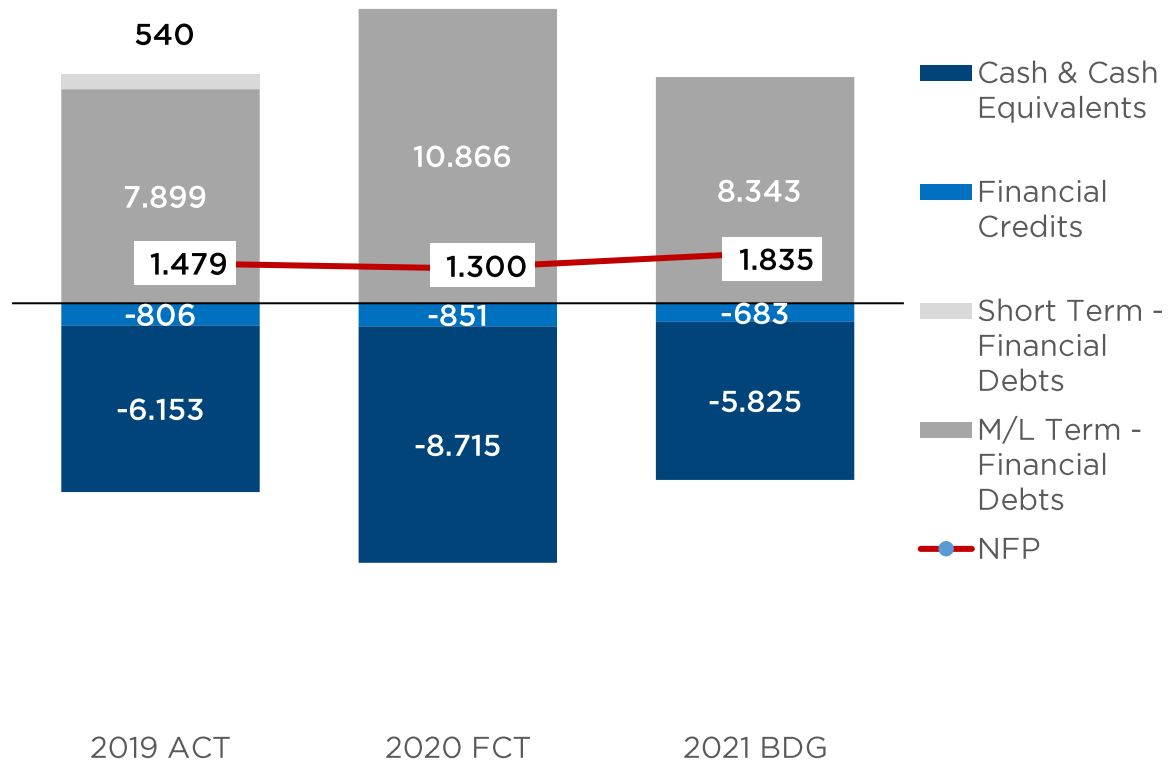
Research & Development activity represent a key factor to implement the development plans of the Group, the investments include personnel, materials, project costs and laboratory equipment.

Digitalization investments mainly aimed to **process automation and moreover increase data security**. Main investments required: new ERP (Enterprise Resources Planning) and Cyber Security softwares.

Operations & Facility investments dedicated to support **Operational Excellence**, by improving operational flows and areas; and by acquiring the equipments necessary **to support new products and markets development**.

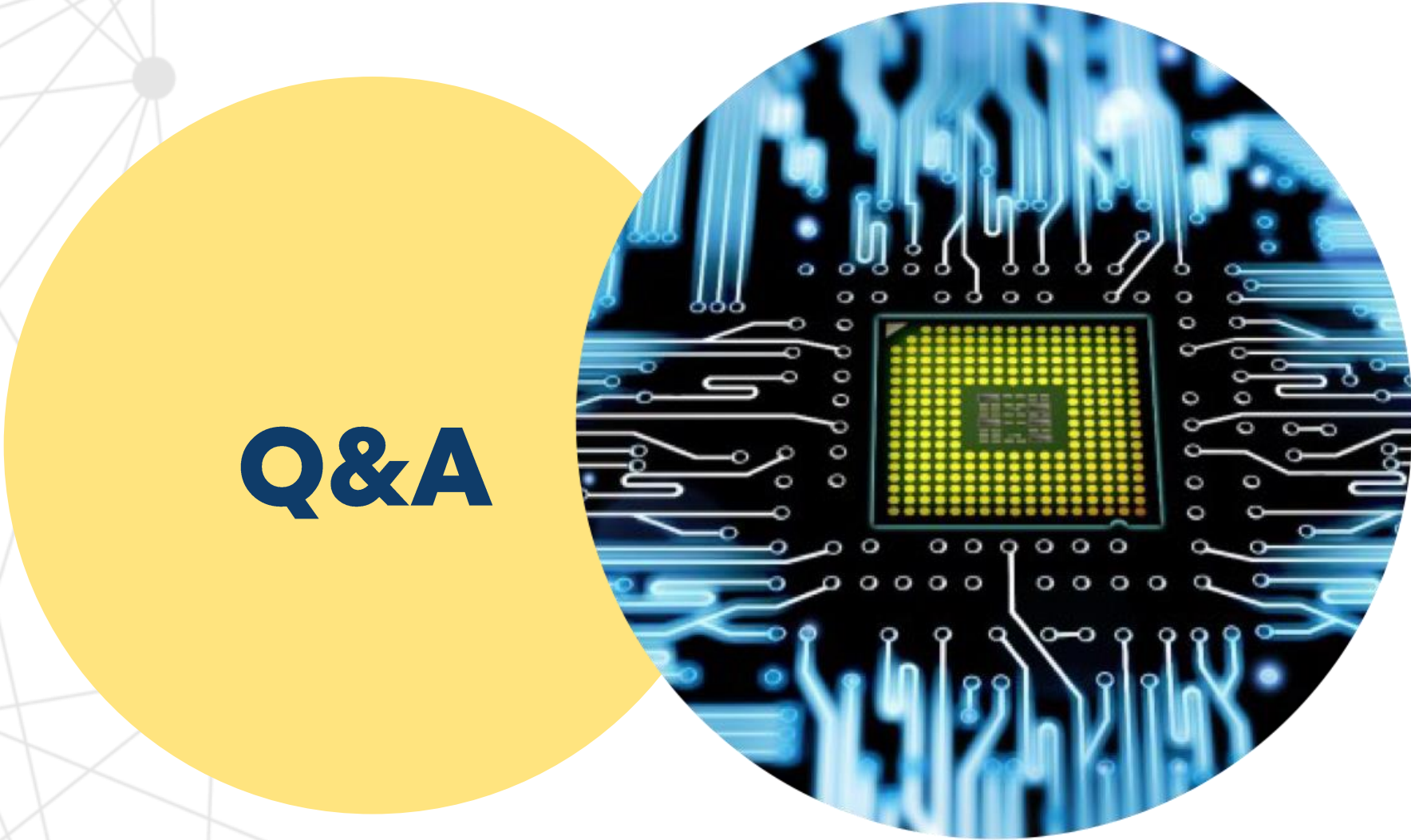
The operating cash flow grows in 2021 and is able to finance the important investments plan

000 €- NFP Evolution



During 2020, the Company signed three new loans of the total amount of Euro 4.5 million over a period of 6 years, benefiting from the free guarantee of the Central Guarantee Fund and particularly favourable rates in order to better address a complex macroeconomic scenario. The Group's decision to extend the average duration of funding and to maintain a liquidity reserve to be ready to an acceleration in economic recovery and to implement the Group's medium to long-term plans.

The NFP in 2021 remains in line with previous years thanks to a growing operating cash flow that is able to finance the important investments planned (€ 4Mln).

The graphic features a large yellow circle on the left containing the text 'Q&A'. To its right is a circular inset showing a detailed image of a microchip with glowing blue circuit traces. The background of the entire slide is a light gray network of interconnected nodes and lines.

Q&A

Glossary

ADAS: Advanced Driver Assistance Systems

ATE: Automated Test Equipment

DfR: Design for Reliability

DfT: Design for Testability

ECU: Electronic Control Unit

EV: Electric Vehicle

ICs: Integrated Circuits

ppB: parts per billion

ppm: parts per million

R.E.T.E: Reliability Embedded Test Engineering

SoC: System on a Chip

TDBI: Test During Burn-In

TfR: Test for Reliability

TTM: Time To Market

AI: Artificial Intelligence

AEB : Advanced Emergency Braking Systems

AAA : American Automobile Association

APU: Accelerated processing unit

CAGR : Compound Annual Growth Rate

CPU: Central Processing Unit

FPGA: Field Programmable Gate Array

GPU: Graphics Processing Unit

E/E : Electric/Electronic

IoT: Internet of Things

LDW: Lane Departure Warning

OEM : Original Equipment Manufacturer

OTA : Over-The-Air

RF: Radio Frequency

VPU: visual processing unit



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